

Allisya Rupiah Balanced Fund

October 2016



BLOOMBERG: AZSRPBL:IJ

INVESTMENT OBJECTIVE

The objective of this fund is to achieve conservative long term capital growth while earning relatively stable income.

INVESTMENT STRATEGY

To achieve the investment objectives, this fund shall be invested with a target of 7.5% in short term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), 40% in medium or long term sharia instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds), and 52.5% in the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period **16.58%**
 Best Month **10.95%** Jul-09
 Worst Month **-14.39%** Oct-08

Portfolio Breakdown

Equity **53.59%**PBS012
 Treasury Bonds **31.36%**PBS011
 Govt. Related Bond **0.55%**PBS001
 Mutual Funds - Bonds **2.82%**PBS002
 Sharia Cash/Deposit **11.67%**PBS004

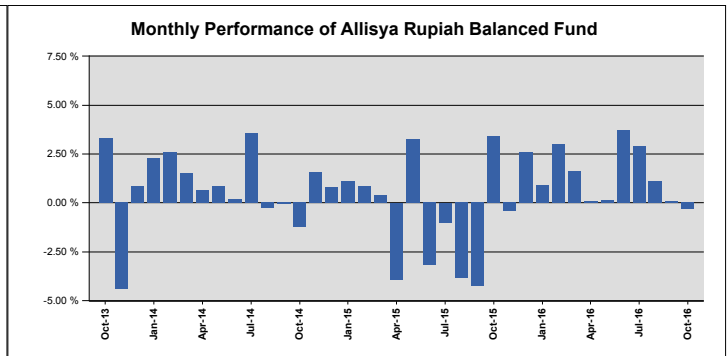
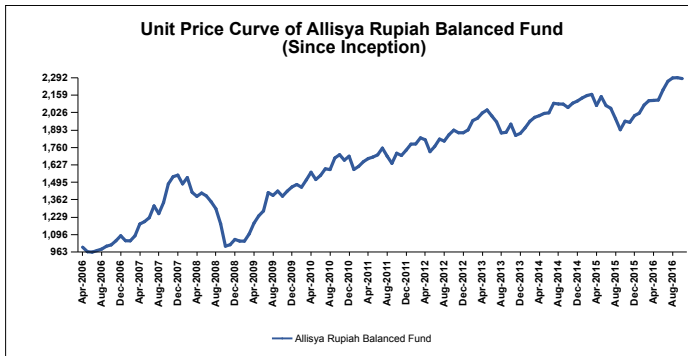
Top Five Bonds Holding

19.10%PBS012
31.36%PBS011
0.55%PBS001
2.82%PBS002
11.67%PBS004

Top Five Stocks Holding

10.40% Telekomunikasi Indonesia
8.47% Astra International
7.93% Unilever Indonesia
2.47% Indofood CBP Sukses Makmur
2.08% Indofood Sukses Makmur

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Balanced Fund	-0.31%	0.92%	7.85%	16.58%	17.92%	14.09%	128.53%



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 536.95
Risk Profile : Moderate
Launch Date : 25 Apr 2006
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Oct 31, 2016) : **Bid** IDR 2,171.07 **Offer** IDR 2,285.34
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Oct's inflation at 0.14% mom (vs consensus inflation +0.12%, +0.22% in Sep 2016) mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation higher to 3.31% YoY (vs consensus 3.30%, 3.07% in Sep 2016). Core inflation printed at 3.08% YoY, lower than previous month (vs 3.21% in Sep 2016). In the Board of Governors' Meeting on 20 Oct 2016, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 5.00% to 4.75%, also Deposit Facility (DF) from 4.25% to 4.00% and Lending Facility (LF) from 5.75% to 5.50%. Rupiah depreciated by -0.41% to 13,051/USD at end of Oct as opposed to 12,998/USD previous month. Indonesia economic growth in third quarter 2016 was increased 3.20% QoQ (5.02% YoY compared to previous quarter at 5.19% YoY) which largely led by growth in transportation and warehousing business sector. By expenditure, Non-Profit Institutions for Serving Households (LNPR) and household consumption were the main drivers while investment continued to ease and net export ebbed. Trade balance booked a surplus of +US\$1.2169bn (non-oil and gas surplus +US\$1.898bn, oil and gas deficit US\$-0.6811bn) in Sept 2016. Export fell by -0.59% YoY mostly driven by a reduction in jewelry, while imports fell by -2.26% YoY. FX Reserves down by USD 0.63bn from US\$115.67bn in Sept 2016 to US\$115.04bn in Oct 2016 on the back of revenue from tax and proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for government external debt payments.

IDR government bond yields closed higher all across the curve on the back of global bond sell-off. Global sentiments such as ECB's tapering plan, higher oil price, USD strengthening and higher global yield were the main drivers of Oct's yield movement. Market also cautious on Nov's US election and Dec's US FOMC as The Fed left the policy rate unchanged on Nov. However, market had rebounded post BI MPC Meeting result came out, in which BI decided to cut the rates and drove buying interest from both side local and foreign names. Bank Indonesia highlighted in its policy statement several supporting factors for the move of rate cut which are including:

1. Lower than expected 3Q16 GDP growth from 4.9-5.3% their target
2. Lower inflation from 3-5% target range
3. Higher than expected trade surplus in 3Q16 of USD 2bn and narrowing current account deficit <2% of GDP
4. Stable Rupiah and growing FX reserves of USD 116bn.

US FOMC on Nov 2nd as expected left the policy rate unchanged at lower boundary of 0.25% and upper boundary of 0.50%, however the Fed Committee still waits further evidence for continued progress towards its objectives. Offshore accounts decreased their holding by IDR -9.35tn in Oct 2016 (-1.36% MoM), from IDR 684.98tn as of Sept 2016 to IDR 675.64tn as of Oct 2016, which brought their holding to 38.40% of total outstanding tradable government bond (from 39.16% in the previous month). The 5Y yield Oct 2016 ended +13bps higher to 6.97% (6.84% in Sept 2016), 10Y tenor ended +18bps higher to 7.24% (7.06% in Sept 2016), 15Y tenor ended +36bps higher to 7.65% (7.29% in Sept 2016) and 20Y tenor ended +38bps higher to 7.79% (7.41% in Sept 2016).

The JII (Jakarta Islamic Index) closed slightly higher in October at 739.91, gaining +0.03% MoM. Large cap stocks such as UNTR, ADRO, PTBA, AKRA, and PWON contributed to the MoM gain, all of which rose by +22.18%, +31.54%, +23.64%, +10.08%, and +6.67% MoM respectively. Indonesian equities traded sideways as the investors have largely priced in 3Q16 earning result. 25bps rate cut by the central bank wasn't bringing much positive sentiment to the market. Albeit positive. Foreign booked US\$174.4mn outflows in October. Most investors were waiting for the 3Q16 GDP number which is expected to moderate as well. On the global front, investors are currently facing two major uncertainties, the US presidential election and potential Fed Fund Rate hike in Dec-16. Should Donald Trump win the election, we would expect global market to react negatively as policy uncertainty looms, especially on fiscal and trade policies which essentially have global ramifications. On that front, potential for market to correct is on the high side as locally the JCI valuation and expectation looks topish as well. In addition, a potential external risk faced by the market heightens as well. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +13.66% MoM. ADRO (Adaro Energy) and PTBA (Tambang Batubara) were the movers; gaining by +31.54% and +23.64% MoM respectively. This was followed by the Trading and Distribution Sector that posted +1.95% MoM gains, driven by UNTR (United Tractor) and AKRA (AKR Corporindo) which rose +22.18% and +10.08% MoM respectively. On the other side, Infrastructure Sector was the worst performing sector this month, falling by -2.70% MoM. TLKM (Telekomunikasi Indonesia) and PGAS (Perusahaan Gas Negara) were the laggards, losing -2.09% and -10.80% MoM respectively.

Disclaimer:

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